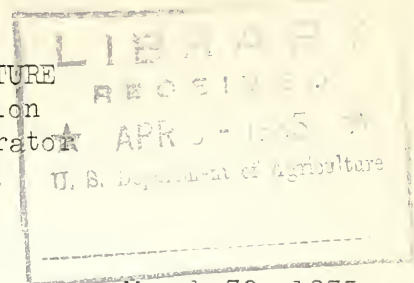


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Agricultural Adjustment Administration
Alfred D. Stedman, Assistant Administrator
Director, Division of Information,
Washington, D.C.



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To Editors of Farm Journals:

The following information is for your use.

DeWitt C. Oving *Francis A. Flood*
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Specialists in Information.

INCREASED GRASS AND LEGUME SEED PRODUCTION NEEDED

By Joseph F. Cox, Chief, Replacement
Crops Section, Agricultural Adjustment Administration

The planting of crops to prevent soil erosion and improve soils is encouraged under agricultural adjustment crop-control contracts.

New seedings of pasture grasses and legumes can be made on the contracted or shifted acreage in connection with the wheat, corn-hog, cotton and tobacco contracts.

As a result of the drought, the corn-hog contract for 1935 has no contracted acreage feature, and shifted acres may be planted to any crop. In view, however, of the damage done by drought to pastures and meadows throughout much of the corn belt, it is expected that many farmers will plant their shifted acres to alfalfa, lespedeza, clovers, red top, blue grass, timothy, meadow fescue, orchard grass, and other pasture and meadow crops.

In addition to the need of seed of these crops for the adjustment program, the erosion-control projects of the Government will demand large supplies of adapted grass and legume seed. The crops provide a network of roots and top-growth that will prevent the soil in the dry regions of the West from blowing away, and keep the fertile topsoil of regions of ample rainfall from washing off.

Reserves of seed of these crops have been reduced to a low point. The use of the contracted or shifted acreage or other available land in establishing meadow and pasture crops for seed purposes is apparent to farmers.

In the Northwest, crested wheat grass and slender wheat grass have been proved to be well adapted to comparatively dry regions. The seed of these grasses is in strong demand, and farmers who make seedings on their contracted

acreage retired from wheat or crested wheat grass and slender wheat grass, to be handled as a seed crop, may be assured of an increased market opportunity. The seed yield the first year is usually light, but from the second year on increased yields may be secured. Alfalfa, clover and sweet clover may also be planted for forage or seed purposes on acreage retired from wheat.

Throughout the lower part of the cornbelt and in the South, the demand for lespedeza is increasing. Lespedeza may be planted on the contracted acreage in connection with all the contracts.

The cotton and tobacco contracts permit the use on the farm of crops grown on contracted acreage, but not the sale of these crops during the period of the contract. Lespedeza or other pasture or meadow seed crops may be established on cotton and tobacco contracted acreage during the season of the contract. When released as contracted acreage, seed crops may be produced for the market.

An opportunity for seed production exists with alfalfa in the Northwest and North Central States, particularly of improved varieties, such as Grimm, Ladek, Hardistan, Hardigan and other hardy, adapted varieties.

The condition of clover and timothy meadows, greatly reduced in acreage and impaired by drought, indicates that for the coming few years red clover, alsike and Mammoth clover seed growers may expect a strong demand for seed.

These crops may be planted on contracted or shifted acreage in connection with all contracts, and should be considered also by potato growers of Maine, Michigan, Wisconsin and other northern states producing potatoes in excess of market demands.

Blue grass and red top and meadow fescue are also suggested for the contracted acreage of the Corn Belt and Northern States where adapted.

In the South and Southwest, carpet grass, Rhodes grass and Dallis grass, in accordance with adaptation, may be established on the contracted acreage. Special interest is manifested in New York in native wild white clover for pasture improvement, and seed is in demand. In Wisconsin, Minnesota and Michigan, canary grass is increasing in use.

In growing seed crops of either grasses or legumes, the ground should be thoroughly fitted, in order to kill noxious weeds. As a general rule, lighter seeding rates per acre can be used than when planting for pasture or hay purposes.

In the case of seed of new varieties, which may be high in price, it is practical to plant in rows about 3 feet apart, using a pound to 3 pounds per acre of seed of new varieties of alfalfa or lespedeza, or 4 pounds of crested wheat grass or slender wheat grass, and cultivating the crop during the first year.

Little extra equipment is needed for seed production, but special knowledge in regard to growing, harvesting, treating, curing and storing the seed crop is essential. Such information is available from State Experiment

Stations, the United States Department of Agriculture and County Agricultural Agents.

The program to increase our acreage of permanent pasture and of established meadow crops and other soil-improving and erosion-preventing crops will require a great increase in the amount of seed of these crops above the supply ordinarily available through established commercial channels. This opportunity is receiving the consideration of contract signers who are choosing crops for planting on contracted or shifted acreage, and of farmers in general who are thinking of crops that they may grow at a profit.

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EMPHASIZE GRASS AS DUST STORM PROTECTION

Taking out of surplus crops, particularly wheat, and returning to grass extensive areas of land which were plowed up in wartime under pressure of high prices is one of the aims of the Agricultural Adjustment Administration which, if successful, will add materially to protection against dust storms, H. R. Tolley, acting Administrator, said recently.

It was pointed out that Adjustment Administration contracts with farmers encourage the transfer of lands in various parts of the country, including drought area, from surplus production into cover crops which protect against wind erosion (dust storms) and water erosion.

The Adjustment Administration is placing particular emphasis on the need for returning to permanent grass several million acres of land in the drought area which were plowed up to meet the wartime demand, and which in recent years have been devoted to production for foreign markets that have disappeared. Much of this land was in Buffalo grass, the roots of which kept the topsoil bound together.

The cessation in 1930 of American loans abroad, which prior to that had helped finance exports, was an important factor in closing the European market for wheat from the dust storm area. Instead of reverting this land to grass, it remained in production. The result was the accumulation of surpluses which the agricultural adjustment programs have sought to eliminate.

During 1934 the adjustment programs reduced the amount of land devoted to production of basic crops in farming areas generally by about 36,000,000 acres. The administration stressed the need for constructive use in such ways as would conserve and improve the land's natural resources. In 1934 all restrictions on contracted areas in the drought area were removed to encourage plantings of drought resistant crops.

For 1935 the administration is placing greater emphasis on the desirability of returning to grass the areas which, from the standpoint of soil fertility, the permanent welfare of agriculture, and the protection of farmers against glutted markets and low prices, can best be taken out of surplus crops. In areas subject to drought and dust storms, it has been demonstrated during

the past year that in the case of farmers who took advantage of opportunities to plant grass and other erosion-preventing crops, effects of dry weather conditions can be alleviated.

The basic commodity crop adjustment contracts for 1935 permit and encourage the use of land not only in drought areas but elsewhere in many constructive ways that will not produce damaging surpluses of other products. Outside the drought area, cotton and tobacco contracts encourage the planting of food and feed crops for home use on contracted acres, the establishment of seedings of pasture and meadow and soil-improvement crops, the development of erosion-control projects, and the planting of trees for farm woodlot, wind-break or post purposes.

While the farmer participating in the adjustment program may let the contracted acreage lie idle, the experience of the past year demonstrated that more than nine-tenths of those who signed cotton and tobacco contracts chose to make constructive use of these acres. More than four-fifths of the corn-hog and wheat contract signers chose to plant soil-improvement and erosion-preventing crops or emergency forage crops to cope with the drought or to cultivate the land to control weeds and conserve moisture.

Under the wheat adjustment program for 1935, farmers are encouraged to establish meadow and pasture crops, erosion-preventing and soil-improving crops, farm woodlots, and to cultivate the land to control weeds or conserve moisture on contracted acres. In addition to these usages, in order to meet the shortage of pasture caused by drought, encouragement is being given to the planting of hay and pasture crops.

In view of the effect of the 1934 drought on feed supplies, particularly roughage and hay supplies, the 1935 corn-hog contract does not carry a contracted acreage feature. Nevertheless, those who sign the corn-hog contract are being urged to plant acres taken out of corn production to soil-improvement and erosion-preventing crops, and meadow and pasture crops in general, and to emergency feed crops, other than corn, in order to build up reserves of these crops reduced by drought and to conserve soil fertility.

It is estimated that under the wheat, cotton, corn-hog and tobacco adjustment contract for 1935, more than 25,000,000 acres of land taken out of the production of these basic commodities will be planted to new seedings -- the kind of crops that provide a network of roots to hold the soil intact to prevent it from blowing away in the dry regions of the west, and to stop the washing of the fertile topsoil in regions of ample rainfall.

As a further step toward alleviating results of the 1934 drought and to help farmers get land back to grass, the Adjustment Administration established a seed information service and has conserved large supplies of adapted seeds which are being made available to farmers in drought areas where a seed-deficit exists. These seed stocks were acquired through an allotment of \$25,000,000 made available under the emergency appropriations act. More than 19,000,000 bushels of high-grade, adapted seed of wheat, oats, barley, flax and sorghums were conserved which otherwise may have been dissipated through feeding, processing or mixing. In connection with this program, information

has been collected regarding available supplies of grain, grass and forage crop seeds adapted to the drought region which are being held privately or commercially. This information is available to farmers in drought areas.

In order to facilitate early planting, a plan for financing farmers' purchases of conserved seed supplies held by the Adjustment Administration, pending availability of Federal crop production loan funds, has been worked out with the Federal Emergency Relief Administration. Farmers with seed supplies ordered from the Adjustment Administration who cannot secure production credit in time for planting, or who are unable to otherwise finance seed purchases, may obtain delivery of such seed from Adjustment Administration agents on the basis of purchase orders issued by the Federal Emergency Relief Administration.

#

FEED GRAIN IMPORTS INCREASED BY DROUGHT

As a result of the shortage in domestic supplies following the drought of 1934, current imports of some agricultural products, particularly feed grains, are larger than the average for recent years. Imports of other competitive agricultural products, such as dairy products, eggs and meats, have been smaller in recent months than the average for the same periods over the last ten years, according to studies made by the Agricultural Adjustment Administration.

Total imports of grains to date are still very small in relation to production and consumption of the same products and in relation to losses caused by the drought.

Imports of all grains during the period from July 1, 1934, through February 28, 1935, were about .6 of 1 percent of this country's average production of grains, and less than 2 percent of the loss to grain crops directly attributable to the drought. According to studies of the Bureau of Agricultural Economics, the total imports of all competitive agricultural products, including grains, during this eight-month period were 25 percent less than the average imports for the same periods during the ten years, 1924 to 1934.

Even though the United States is temporarily on a domestic basis in the case of grains because of the drought, it is on an export basis for its major agricultural products. During 1934, approximately 650 million dollars' worth of cotton, tobacco, meat products, grain and preparations, and fruits were exported, as compared with importations of 125 million dollars' worth of these products, including imports of 24 million dollars' worth of bananas.

Imports of wheat for domestic consumption during the eight-month period were 9,511,000 bushels, while drought damage to the wheat crop last year is estimated to have reduced the production by about 300,000,000 bushels, in addition to the reduction of about 60,000,000 bushels brought about by the Agricultural Adjustment Administration wheat program. About half of the wheat imports consisted of durum wheat for use as seed and for manufacture of special

types of flour. The United States production of durum wheat in 1934 was approximately one-tenth of normal.

Corn imports during the same period were 6,510,000 bushels, or about equal to the production of a good representative Iowa county--Calhoun county, for example,--in an average year. The 6,510,000 bushels of corn imported amount to less than 1/4 of 1 percent of our average annual corn production of 2,500,000,000 bushels. Damage to the corn crop due to the drought last year is estimated to have reduced the yield by approximately 1,000,000,000 bushels. Thus, corn imports from July 1 to the end of February were about .7 of 1 percent of the estimated drought loss. Although imports have increased since January 1, 1935, corn imports were less than exports for the calendar year 1934.

Imports of oats, barley and rye were relatively greater than imports of wheat and corn. Oat imports were 9,321,000 bushels during the eight-month period, or 1.35 percent of the drought loss in this crop. Barley imports were 7,824,000 bushels, or approximately 5 percent of the drought loss. Rye imports were 5,864,000 bushels, or about 26 percent of the 1934 reduction below the average rye crop. All of the reduction in the United States production of oats, barley and rye is attributable to drought, since no adjustment programs were in effect for these crops. Part of the imports of barley and rye were due to increased demand in brewing and distilling industries.

Imports of hay during the eight-month period were 49,000 short tons, the equivalent of approximately .2 of 1 percent of the loss due to drought, estimated at more than 23,000,000 tons. Severe drought loss was partly offset by the planting of hay and pasture crops on areas in the 36,000,000 contracted acres shifted from the production of basic commodities. When drought conditions developed, these contracted acres were made available for the emergency production of any feed crop, including corn for fodder. In addition to this, the Adjustment Administration underwrote the harvesting of 76,076 tons of corn fodder and stover, and 18,000 tons of soybean hay for forage.

Imports of meats during recent months have shown no increase over the average imports of recent years.

Imports of beef during 1934 were 47,641,000 pounds, as compared with a yearly average for the preceding ten years of 56,468,000 pounds. Since average production of beef in the United States is over 7,000,000,000 pounds 1934 imports were equivalent to about 1-1/2 percent of normal domestic production. Imports of beef in January and February, 1935, were about 9,000,000 pounds, or approximately equal to the average imports for these months during previous years.

Imports of hog products for 1934 were 1,600,000 pounds, or 18/1000 of 1 percent of United States production for 1934, and 26/100 of 1 percent of exports of pork products last year.

Due to the fact that the 1934 drought forced great quantities of livestock on the market at low prices, the domestic consumption of meat last year

was unusually large. This held down imports in 1934. Supplies of meat available for consumption will be lower and imports higher this year than last. The supply available for consumption will be larger than if there had been no drought relief programs by the Adjustment Administration, as these programs conserved for future use the meat of animals which would otherwise have perished from the drought, and they also enabled farmers to retain on farms and ranches a larger number of good breeding animals and other livestock of good quality. The latter was accomplished by making available a larger supply of feed during the period of acute feed shortage and through the prompt disposition of inferior animals.

Butter imports increased during the first months of 1935, due to relatively high prices caused by lowered supplies and lowered production, which in turn was due to feed shortage because of the drought. Approximately 8 million pounds of butter have been imported since January 1, mostly from New Zealand. This increase in imports did not offset the reduction in domestic production caused by the drought.

Domestic consumption of butter in February, including imports moving into retail trade channels, was 24 percent under the volume consumed domestically in the same month a year ago. Butter prices have been decreasing since the peak in early February, however, and, if this trend continues, fewer imports may be expected. Butter production from September through February was 37,000,000 pounds below that of the corresponding period a year earlier.

Studies of the Bureau of Agricultural Economics indicate that most competitive agricultural products have been imported at a smaller rate during the eight-month period from July, 1934, through February 28, 1935, than for the same periods over the previous ten years. Dairy foods imported were 39 percent of the ten-year average; eggs and egg products were 22 percent; fruits (except bananas) were 75 percent; vegetables 49 percent; vegetable oils 86 percent; wool 44 percent; and meats 83 percent. Sugar imports were slightly larger than for the previous decade, being 105 percent of the 10 year average, but feed grains alone showed considerable percentage increase, imports being 286 percent of the small volume average for the last ten years.

All agricultural imports have paid the usual duty rates, with the exception of hay, on which duty was temporarily removed by proclamation of the President last September, following the petition of stock farmers in the Northwest. Wheat for human consumption pays a duty of 42 cents a bushel, and wheat for feed a 10 percent ad valorem duty. Corn pays a duty of 25 cents a bushel; oats, 15 cents; barley, 20 cents; rye, 15 cents, and beef 6 cents a pound.

Increased imports of agricultural products have occurred in past years when domestic supplies were relatively low. In the year 1923-24, the United States imported 4,000,000 bushels of corn, 7,000,000 bushels of oats, and 13,500,000 bushels of wheat. Wheat imports since last July have been at a lower average than for 1923-24.

Imports of corn, most of which had come from Mexico in 1934, were

arriving chiefly from Argentina during the early months of 1935. These imports have been used to supplement short feed supplies on the seaboard of the United States. Such imports are possible only when the domestic price of corn is sufficiently above prices in Argentina that ocean freight, insurance and handling charges, plus the duty of 25 cents a bushel, plus such freight and handling charges as may be necessary within the United States, can be paid by foreign sellers and still leave them a profit. These conditions can be met only during a very abnormal situation. Shipments of Argentine corn may be expected to arrive until such time as the grain and feed situation in the United States becomes easier. The coming in of pasture in the spring probably will diminish imports, and if weather in the corn belt is near normal, the appearance of the corn crop next fall may stop imports almost entirely. Rainfall over most of the corn belt since the first of the year has been about normal.

The Argentine corn crop is normally about 300,000,000 bushels, which is less than one-eighth of the United States average production, and only about two-thirds of the normal production of the State of Iowa alone.

Corn, in the form of pork and lard, is being exported in substantial quantities by the United States. Exports of pork in January 1935 were 9,500,000 pounds and exports of lard approximately 18,000,000 pounds. Roughly, 3,000,000 bushels of corn would have been consumed in the production of these quantities of pork and lard, which would make the United States a net exporter of corn in this month to the extent of more than 1,000,000 bushels. Largely because of the trade agreement, exports of lard to Cuba have increased substantially, 18,500,000 pounds having been exported since the agreement was effected in August, 1934.

Imports of Grains and Hay Since July 1, 1934,
Compared to Losses Due to Drought

	Drought Loss 1934	Imports July 1, 1934 - Feb. 28, 1935	Percentage Imports of Drought Loss
	100's	100's	
Wheat (bu.)	299,765	9,511	3.17
Corn (bu.)	975,555	6,510	0.66
Oats (bu.)	688,853	9,321	1.35
Barley (bu.)	164,216	7,824	4.74
Rye (bu.)	22,615	5,864	25.93
Hay (short tons)	23,526	49	.2
All Grains (bu.)	2,151,004	39,519	1.84

FOOD SURPLUSES USED FOR RELIEF

The distribution of agricultural products under the joint auspices of the Adjustment Administration and the Federal Emergency Relief Administration have reached a substantial volume in the past 16 months.

The Government, which has been operating to increase farmers' purchasing power by preventing the production of price-depressing surpluses, through the Adjustment Administration control programs, has at the same time seen to it that substantial quantities of those surpluses which did exist or were produced were put in the hands of persons on relief who were unable to make purchases through regular channels.

The direct distribution of food has paralleled cash relief and work relief. That food, if present on the open market, would have hindered farm recovery; at the same time it would have been inaccessible to the needy because of their lack of purchasing power.

The two-fold purpose of relief distribution of surplus food supplies is well illustrated in the case of cattle purchased in the drought areas. Faced with feed shortage, farmers had the alternatives of selling their cattle on a swamped market, or allowing the animals to starve. In either case, farmers would lose income, and the food represented would be unavailable to unemployed. The government provided a third alternative in the purchase program which not only saved producers from financial loss by facilitating the adjustment of herds to available supplies of feed, but also, through the relief distribution plan, made a huge amount of feed products available to those families on relief. Diverted to the unemployed, the food supplies acquired under government surplus removal programs have raised their standards of living, and increased returns to farmers.

The commodities distributed have been over and above the regular relief payments, and have therefore served to raise the level of consumption of those on relief. No serious competition with sales through commercial channels has resulted. In isolated cases, where there was the possibility of temporary competition with local supplies, the distribution of surplus supplies was promptly adjusted to prevent interference with commercial distribution.

Figures on the most important farm products that were distributed from October, 1933, through January, 1935, have been selected from the report of the Federal Surplus Relief Corporation for that period, which has just been made available. These, together with the total/annual consumption of those products in the United States, and the proportion of the distributed products to that total, are shown in the following table:

Most Important Farm Products Distributed by the
Federal Surplus Relief Corporation

<u>Commodity</u>	<u>Quantity 1/ Distributed Oct. 1933-Jan. 1935 Inclusive</u>	<u>Normal U. S. 2/ Annual Consumption</u>	<u>Distributions as a Percent of Normal Consumption</u>
	Millions of lbs.	Millions of lbs.	Percent
Beef and veal	402	7,000	5.7
Pork	293	8,800	3.3
Lard	24	1,800	1.3
Mutton	1.6	850	0.19
Wheat flour and cereal	165	22,000	0.8
Rice	39	700	5.6
Butter	68	2,200	3.1
Cheese	11	550	2.0
Beans (dried)	7	1,000	.07
Potatoes and cabbage	198	23,000	.86
Cotton	188,000 bales	5,500,000 bales	3.4

1/ As actually distributed, the meats in this column included boned and canned meats, and sausage. For the purpose of comparison, the various types have been converted to their fresh meat equivalents.

2/ Quantities required for 125,000,000 people at the annual per capita level of consumption which prevailed from 1928-29 to 1932-33.

If the number of pounds of concentrated foods contained in the above table are totaled, and compared with the total annual requirements for those foods, the following percentage is obtained:

	Millions of pounds
Total concentrates distributed:	1,010.6
Total U.S. requirements of those concentrates:	46,900
Percent distribution is of total U.S. requirements:	2.2 percent

Thus more than 2 percent of the country's total annual requirements of the more important concentrated food products have been distributed to the group needing them most during the 16 months up to February, 1935. This was broadly equivalent to about one-sixth of the basic food requirements of those on relief.

In addition to these food products, cotton has been distributed, either in raw form for the making of mattresses, or in the form of blankets and cotton piece goods, to the equivalent of 188,000 bales. This compares with a total annual requirement of 5,500,000 bales. Distribution, therefore, amounted to 3.4 percent of the total.

The removal of these surpluses has markedly strengthened certain regional and seasonal markets for vegetables, fruits, rice and other products and has provided effective disposition of meat from emergency slaughter of pigs, drought cattle and sheep. Thus at the same time that these removals were assisting the farmer to receive adequate prices for the food raised, the distribution that has been made of the goods so removed has assisted many families on relief to have a more nearly adequate diet than they could have obtained by relying solely on their cash or work relief payments.

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EXPLAIN EFFECT OF COTTON TAX

The Agricultural Adjustment Administration has issued the following statement concerning the increase in cotton prices, the cotton processing tax, and conditions in the cotton textile industry:

"One of the important facts with respect to the position of the cotton textile industry is the manufacturing margin. Mill margins had a downward trend for several years prior to the inauguration of the present cotton program. For the cotton year 1931-32 the margin between the price of a pound of cotton and the manufacturer's selling prices of the gray cloth produced from a pound of cotton averaged 9.4 cents for 17 constructions of cloth. In February 1933 this margin was 7.5 cents a pound. In the summer of 1933 it rose, and after full allowance is made for the cotton processing tax the margin at the high point in August was above that of any other time since 1925.

"After making full allowance for the cotton processing tax mill margins on 17 constructions of cloth averaged 13.95 cents for the crop year 1933-34 and averaged 12.37 cents for the first seven months of the current season. This average mill margin fell to 11.33 cents in the week of March 8, but from the week of March 8 to the week of March 22 the cost of cotton fell 1.51 cents a pound, while the price of cloth made from a pound of cotton fell only .89 cents. Accordingly, the manufacturer's margin increased to 11.95 cents. Current mill margins are well above those prevailing between June 1931 and May 1933, and are about in line with those prevailing in the early spring months of 1930 and of 1931.

"The cotton processing tax is not borne by cotton mills but is passed on in the price of the finished goods and is paid ultimately by consumers of cotton articles in the United States. The cotton processing tax adds 1.3 cents to the cost of cotton required to manufacture a yard of muslin; approximately 3 cents for a work shirt; and about 8 cents for the cotton required to manufacture a pair of overalls.

"It is true that the price of cotton has been doubled and the processing tax has been added since 1932. But in this connection it should also be cited that cotton mill consumption in the calendar year 1934 was 400,000 bales greater than it was in 1932.

"In 1932 the farm price of cotton averaged 5.8 cents a pound and there was no processing tax, but in that year textile wages were abnormally low; cotton goods prices were low both actually and relatively, the cotton goods wholesale price index of the Bureau of Labor Statistics being only 48 percent of the 1920-29 average as compared with 67 percent for all commodities other than farm products and foods; cotton mill margins for 17 constructions of cloth averaged 8.92 cents a pound; returns from 834 corporations in the cotton goods industry, according to reports of the Bureau of Internal Revenue, showed a net deficit of about \$53,000,000 on their year's operations; and mill consumption of cotton totaled approximately 5 million bales. The low prices received by farmers for cotton did not then result in prosperity for the textile industry.

"In 1933 the farm price of cotton averaged 9.7 cents a pound, a cotton processing tax of approximately 4 cents a pound gross weight was in effect after August 1, wages were increased, cotton goods prices increased, cotton textile mills made substantial profits, and cotton mill consumption increased 24 percent, to approximately 6.2 million bales. In the current marketing year mill consumption has exceeded that for last year in each month since September, when operations were disrupted by the textile strike. The index of cotton mill consumption has averaged 94 percent of the 1923-25 average since September. For the 1934-35 season through January the index averaged 87 percent in comparison with an average of 57 percent for all non-agricultural industrial production, 76 percent for wool consumption, 53 percent for steel ingots production, and 35.5 percent for pig iron production. In view of the dominating influence that general business activity has on cotton consumption, it is noteworthy that the index of cotton consumption has been above the indices of industrial production and of wool consumption, and has been so far above the indices of pig iron and steel ingots production.

"With reference to the decline in exports of cotton textiles and recent increases in imports, it should be observed that a compensatory tax equivalent to the domestic cotton processing tax must be paid when manufactured cotton articles are imported into this country, and the cotton processing tax is refunded when manufactured articles are exported from this country. Foreign manufacturers buy American cotton at the same prices that are being paid by American mills and are required to pay a compensatory import tax equivalent to the cotton processing tax, and in addition the tariff on cotton textiles when the materials are imported into this country. It is therefore obvious that the rise in prices American producers receive for cotton and the cotton processing tax are not factors in the competitive situation between American and foreign mills.

"In considering the increase in imports of cotton cloth from the low point of 1932 when 20,436,000 square yards were imported, to 1934 when 41,533,000 square yards were imported, it should be kept in mind that imports were still comparatively small. From 1926 through 1929 imports exceeded

60,000,000 square yards annually, and at the peak in 1923, imports amounted to 218,970,000 square yards. Domestic production of cotton cloth totaled 7,086,437,000 square yards in 1934. Imports, therefore, amounted to slightly less than .6 of 1 percent of our domestic production of cotton cloth.

"If agitation for the removal of the processing tax is unsettling by causing buyers to hold off, it should be recognized that the Adjustment Administration does not anticipate the removal of the cotton processing tax in the near future.

"Elimination of the cotton processing tax ultimately would force the abandonment of the cotton adjustment program. Income from cotton and cottonseed fell from \$1,736,000,000 in 1925-26 to \$464,000,000 in 1932-33. Approximately 2,000,000 farm families are producing cotton; therefore, the gross income per farm family in 1932-33 averaged about \$232. From this income it was necessary to meet the cash expenses of production, and from the remainder cotton farmers were supposed to pay their taxes and debts and meet living expenses.

"Cash income from cotton and cottonseed, together with rental and benefit payments for 1934-35, is expected to total \$837,000,000, or approximately \$420 per farm family. This represents a decided improvement over the income for 1932-33, but it is still low, particularly among some of the share-cropper and renter groups."

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COMMITTEE ON NEW YORK MILK CONFERS WITH AAA

The sub-committee of the Governors' conference on milk, representing the States of New York, New Jersey, Pennsylvania, Connecticut, Maryland, Vermont and Massachusetts, completed yesterday its conferences with officials of the Agricultural Adjustment Administration respecting the establishment of a proposed Federal license to coordinate control of the milk industry in the New York milk shed, both as to intrastate and interstate commerce.

The entire committee is expected to meet some time next week in New York City, at which time a tentative draft of a proposed license is expected to be ready for further consideration. Members of the sub-committee of the conference are: James T. Cross, counsel for the New York State Department of Agriculture and Markets; W. S. Morris, chairman of the Connecticut State Milk Control Board; Harry Polikoff, counsel for the Pennsylvania Department of Agriculture; John Bishop, New Jersey Milk Control Board, and E. H. Jones, Vermont commissioner of Agriculture.

The members of the sub-committee expressed themselves as believing that definite progress had been made toward evolving a plan to stabilize the market through State-Federal cooperation.

The marketing problems of this milk shed present many complications because of the importance of the interstate movement of fluid milk into the metropolitan consuming area of New York and New Jersey, serving a population of nearly 11,000,000 persons in the most congested population center of the United States. The market draws its supply from seven States and to some extent from two provinces of Canada.

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LOS ANGELES MILK LICENSE AMENDED

One change--the removal of the schedule of minimum resale prices for milk and cream--is embodied in an amendment to the existing license for the Los Angeles milk sales area, approved by the Agricultural Adjustment Administration and signed by Secretary of Agriculture Henry A. Wallace March 27. The removal of the minimum prices was requested by agencies on the market. In all other respects the license remains unchanged. The amendment went into effect March 28.

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ADVISABLE ACREAGE OF CONNECTICUT SHADE TOBACCO ANNOUNCED

Secretary of Agriculture Henry A. Wallace has announced that the advisable acreage of Connecticut Valley shade-grown tobacco, U. S. Type 61 (a), for production in 1935 is 5,480 acres. This is an increase of 780 acres, or 16.6 percent, over the advisable acreage for 1934.

The announcement of the acreage is in accordance with a marketing agreement entered into with handlers of this type of tobacco in Connecticut, Massachusetts, New Hampshire and Vermont, which provides for an announcement by the Secretary of the acreage which he deems advisable to be produced.

Under the marketing agreement, the acreage committee set up under the agreement is to allot the 5,480 acres of production among growers on an equitable basis. Parties to the agreement and license may handle only the production from such allotted acreage during the 1935 crop year.

J. B. Hutson of the Agricultural Adjustment Administration pointed out that the "carryover of Type 61 tobacco" is larger than average, and that it is considered desirable to have an acreage which, with average yields, would produce slightly less than the amount consumed, so that carry-over on July 1, 1936, may be reduced to a normal amount. The acreage recommended would produce a crop approximately 7.6 percent less than estimated consumption for the current year.

Mr. Hutson also stated that there are grown annually about 200 acres of Type 61 (b) tobacco, that is not covered by the marketing agreement. Data for stocks and production, however, are available only for the total of Type 61, so Type 61 (b) is included in the figures used in Mr. Hutson's discussion of supply. Thus, if 5,480 acres of Type 61 (a) were grown, the total acreage of Type 61 for 1935 probably would be 5,680 acres.

"With an average yield equal to that of the period 1919 to 1934," Mr. Hutson said, "the crop from 5,680 acres would be 5,771,000 pounds. It is estimated that the carry-over as of July 1, 1935, will be 10,697,000 pounds, farm sales weight. This carry-over with the crop from 5,680 acres would constitute a total supply of approximately 16,468,000 pounds, which would be 2.51 times the estimated disappearance for the year beginning July 1, 1935. This ratio of supply to disappearance is the average which occurred from 1919 to 1930."

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\$7,000,000 GOING TO TOBACCO GROWERS IN FOUR STATES

Growers of flue-cured tobacco in North Carolina, South Carolina, Georgia and Florida are being mailed 75,268 checks, totaling approximately \$7,000,000, representing the adjustment payment due under their contracts, it is announced by the Agricultural Adjustment Administration. Adjustment payment checks to flue-cured contract signers in Virginia are expected to begin moving out within a few weeks.

The contract provides for an adjustment payment based on the net sale value of the contract signers' 1934 crop. If a grower's crop sold for an average price of more than 21 cents, the payment is calculated on the value of the crop at 21 cents a pound. For contract signers whose base acreage is 4 acres or more, the contract provides a payment at the rate of $12\frac{1}{2}$ percent. For signers whose base acreage is less than 4 acres, the contract provides that the rate of the payment shall be increased one-half of 1 percent for each $\frac{1}{10}$ of an acre decrease in the base acreage below 4 acres, except that the maximum rate of the payment for such contracts cannot be more than 25 percent.

The adjustment payment also includes the "deficiency payment" of 2 cents for each pound of tobacco that the amount of tobacco marketed under a contract fell short of the initial production allotment.

Adjustment payments are expected to total approximately \$10,000,000. This amount is in addition to approximately \$5,098,000, in rental payments, and \$4,459,000 in price equalizing payments which have already been made.

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SECRETARY'S FINDING IN SUGAR BEET CONTRACT DISPUTE

Secretary of Agriculture Wallace, acting in response to requests that he mediate the purchase contract dispute between processors and producers of sugar beets in certain western States, has made a finding setting forth schedules of payments for sugar beets of the 1935 crop which he declared would more fully tend to effectuate the purposes of the Agricultural Adjustment Act.

The finding affects the so-called Great Western Sugar Co. territory in Colorado and Nebraska and territories served by the Great Western Sugar Co. and the Holly Sugar Corporation in Wyoming and Montana.

The action was taken after a continuing deadlock in the negotiations between processors and associations of producers upon the terms of the purchase contract for 1935 was found to be frustrating the purposes of the Agricultural Adjustment Act.

The producers' Associations that presented the dispute to the Secretary of Agriculture include the Mountain States Beet Growers' Association, Nebraska Non-Stock Cooperative Beet Growers' Association, Wheatland Beet Growers' Association, Montana-Wyoming Beet Growers' Association, and Goshen County Beet Growers' Association.

The finding makes no statement regarding the equitableness of the type of contract used, but merely modifies the schedules used in the 1934 contract by the use of more recent statistics regarding weight and sugar shrink.

Two sets of payment schedules are included in the finding: one for the so-called Great Western area in Colorado, Nebraska and Wheatland, Wyoming, and one for territories in Northern Wyoming and Montana, served by the Great Western Sugar Co. and the Holly Sugar Corporation.

For the first-named area the price per ton of sugar beets of 15.5 percent sucrose content, which is about the average for the Colorado and Nebraska territories of the Great Western Sugar Co., based on an average net return of \$3.50 per 100 pounds of sugar is \$4.60, in the schedule in the finding.

The schedule for the so-called Great Western territory in Colorado, Nebraska, and Wheatland, Wyoming, is as follows:

Percent Sucrose in Beets	Ave. Net Return per 100 Pounds of Sugar				
	<u>\$3.25</u>	<u>\$3.50</u>	<u>\$3.75</u>	<u>\$4.00</u>	<u>\$4.25</u>
PRICE PER TON TO PRODUCER FOR SUGAR BEETS					
14.0	\$3.82	\$4.11	\$4.41	\$4.70	\$5.00
14.5	3.98	4.29	4.59	4.90	5.21
15.0	4.13	4.45	4.76	5.08	5.40
15.5	4.27	4.60	4.92	5.25	5.58
16.0	4.41	4.75	5.09	5.43	5.77
16.5	4.58	4.93	5.28	5.63	5.98
17.0	4.73	5.09	5.46	5.82	6.18
17.5	4.87	5.24	5.62	5.99	6.37
18.0	5.02	5.41	5.79	6.18	6.57
18.5	5.17	5.57	5.97	6.37	6.77

For the second-named area, the price per ton in the schedule for sugar beets of 17.5 percent sucrose, which is about the average for the Montana and Northern Wyoming territory served by the Great Western Sugar Co. and the Holly Sugar Corporation, based on an average net return per 100 pounds of sugar of \$3.50, is \$5.34 a ton of sugar beets.

The schedule of payments in the finding for the so-called Great Western and Helly territory in Montana and Northern Wyoming is as follows:

Percent	Ave. Net Return per 100 Pounds of Sugar				
Sucrose					
in Beets	<u>\$3.25</u>	<u>\$3.50</u>	<u>\$3.75</u>	<u>\$4.00</u>	<u>\$4.25</u>

	PRICE PER TON TO PRODUCER FOR SUGAR BEETS				
15.0	\$4.10	\$4.41	\$4.73	\$5.04	\$5.36
15.5	4.27	4.60	4.93	5.26	5.58
16.0	4.44	4.78	5.13	5.47	5.81
16.5	4.62	4.97	5.32	5.68	6.04
17.0	4.79	5.16	5.52	5.89	6.26
17.5	4.96	5.34	5.72	6.10	6.48
18.0	5.13	5.53	5.92	6.32	6.71
18.5	5.30	5.71	6.12	6.53	6.94

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HEARING ON CITATION OF SIX CITRUS SHIPPERS

Secretary of Agriculture Henry A. Wallace has set hearing dates for the cases of six shippers who have been ordered to show cause why their licenses to handle Texas citrus fruit should not be revoked or suspended for violation of the license provisions. All of the hearings will be held at Weslaco, Texas.

The hearings will open April 4, when the cases of the Royal Fruit Co. of Pharr, the Davis Fruit Co. of Pharr, and the Donna Fruit Co. of Edinburg will be considered. April 5 the cases of the Arnold Groves of McAllen and Pharr, F. J. Duncan of Mission, and the San Juan Fruit Truckers' loading Station of San Juan will be taken up. Upon the findings at these hearings, the Secretary will base his decisions on the right of each shipper to retain his license.

All of the shippers named have been charged by the industry's control committee with shipment of unclassified grapefruit, shipment of grapefruit without applying for or receiving an allotment, and failure to pay assessments for maintenance of the control committee.

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